

NEWSLETTER

July 2024



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I – UPDATES ON ACCOUNTING - TAX

* Official letter 2326/TCT-CS

- **Issued by:** The General Department of Taxation
- **Dated:** 03/06/2024
- **Content:** Policy of tax incentives

The certificate of incentive for manufacturing supporting industrial products is the basis for applying corporate income tax incentives. Projects of manufacturing supporting industrial products are entitled to corporate income tax incentives under the supporting industry conditions from the date of issuance of the Certificate of Incentive by the Ministry of Industry and Trade.

Enterprises that are entitled to different levels of incentives can choose to apply the most favorable incentive level. Therefore, in case the Company chooses to enjoy incentives under the most favorable incentive conditions (manufacturing supporting industrial products) for income arising from the Company's investment project, income arising from products that are not supporting industrial products will not continue to enjoy corporate income tax incentives under the conditions of new investment projects in the Industrial Park.

* Official letter 38921/CTHN-TTHT

- **Issued by:** Tax Department of Hanoi
- **Dated:** 02/07/2024
- **Content:** Deduction of PIT paid in overseas from tax payables in Vietnam

In case the taxpayer is an individual residing in Vietnam, taxable income of this individual is income arising within and outside the territory of Vietnam, regardless of the place of payment and receipt of income as prescribed in Article 2 of Circular No. 119/2014/TT-BTC of the Ministry of Finance.

In case the individual is a resident of Vietnam and has paid tax in the country that has signed a tax agreement with Vietnam and the tax amount paid is in accordance with the provisions of foreign law and the provisions of the tax agreement, the tax amount paid (or considered to have been paid) in the country that has signed a tax agreement with Vietnam will be deducted from the tax payable in Vietnam.

Tax deduction is carried out in accordance with the provisions of the tax agreement and ensures the principles prescribed in Article 48 of Circular No. 205/2013/TT-BTC. The procedure for deducting tax paid abroad from tax payable in Vietnam is implemented according to the instructions in Clause 3, Article 62 of Circular No. 80/2021/TT-BTC of the Ministry of Finance.

*** Official letter 39488/CTHN-TTHT**

- **Issued by:** Tax Department of Hanoi
- **Dated:** 04/07/2024
- **Content:** PIT policy with golf expenses

In case a company assigns one or several employees to play golf to entertain and cooperate with customers:

- If the documents and invoices for golf expenses are all under the Company's name, this expense is not the income received by the employees and is therefore not included in the taxable income of the individuals.
- If the golf card specifically states the name of the representative who is an employee of the Company, then that expense is included in the taxable income for calculating personal income tax for the participating individuals.

*** Official letter 40278/CTHN-TTHT**

- **Issued by:** Tax Department of Hanoi
- **Dated:** 10/07/2024
- **Content:** The time of invoice issuance

In principle, the time of invoice issuance for the sale of goods is the time of transfer of ownership or right to use the goods to the buyer, regardless of whether the money has been collected or not, according to the provisions of Article 9 of Decree 123/2020/ND-CP of the Government. In case the Company applies the time of transfer of ownership or right to use the goods to the buyer which is the time of signing the Goods Delivery Minutes between the 2 parties (seller and buyer), and this Delivery Minutes is a legal document in case of a complaint (if any), then the time of invoice issuance is the time of signing the Goods Delivery Minutes.

*** Official letter 42509/CTHN-TTHT**

- **Issued by:** Tax Department of Hanoi
- **Dated:** 24/07/2024
- **Content:** Foreign contractor tax of transport services

In case a foreign contractor provides road freight transport services from Vietnam to foreign countries and vice versa, and has income arising in Vietnam based on a contract, agreement, or commitment between the foreign contractor and a Vietnamese organization or individual, it is subject to Circular No. 103/2014/TT-BTC of the Ministry of Finance. In case the foreign contractor does not meet the conditions for tax declaration in Vietnam, the Vietnamese company is responsible for deducting, declaring, and paying contractor tax on behalf of the

foreign contractor according to the instructions in Article 12 and Article 13 of Circular No. 103/TT-BTC, specifically:

- Regarding CIT: Applying the CIT rate of 2% on taxable revenue.
- Regarding VAT: Applying the VAT rate of 3% on taxable revenue.

In case foreign contractors have income from services provided and consumed outside Vietnam, they are not subject to Circular No. 103/2014/TT-BTC dated August 6th, 2014 of the Ministry of Finance.

II – UPDATES ON INVESTMENT - ENTERPRISES

New regulations on purchasing and selling corporate bonds by credit institutions

On June 28th, 2024, the State Bank of Vietnam issued Circular 11/2024/TT-NHNN amending and supplementing several articles of Circular 16/2021/TT-NHNN on credit institutions and foreign bank branches buying and selling corporate bonds.

This Circular shall take effect from August 12th, 2024.

Amendment of regulations on indirect overseas investment

On June 28th, 2024, the State Bank of Vietnam issued Circular 23/2024/TT-NHNN amending and supplementing some articles of Circular 10/2016/TT-NHNN guiding Decree 135/2015/ND-CP of the Government on indirect overseas investment. The decree specifically provides guidelines on indirect overseas investment activities related to overseas-issued stock reward programs.

This Circular shall take effect from August 12th, 2024.

New regulations on renewal and supplementation of operation licenses for finance companies

On June 30th, 2024, the State Bank of Vietnam issued Circular 35/2024/TT-NHNN on the replacement of licenses, the addition of business lines to licenses and organization and operation of non-bank credit institutions, governance, management, and control of finance companies.

This Circular shall take effect from July 1st, 2024

Procedures for business valuation licensing from July 1st, 2024

On July 1st, 2024, the Government issued Decree 78/2024/ND-CP detailing some articles of the Law on Prices on Valuation. The Decree specifies the procedure and application for valuation practice registration; certificate of eligibility for valuation service business; and suspension and revocation of certificate of eligibility for valuation service.

This Decree takes effect from July 1st, 2024.

Updates on guiding documents for the Law on Housing 2023

In July 2024, guiding documents for the Law on Housing 2023 were issued, including:

- On July 24th, 2024, the Government issued Decree No. 95/2024/ND-CP guiding the Law on Housing 2023;
- On July 26th, 2024, the Government issued Decree No. 100/2024/ND-CP guiding the Law on Housing 2023 related to the development and management of social housing;
- On July 31st, 2024, the Minister of Construction issued Circular 05/2024/TT-BXD guiding the Law on Housing 2023.

These Decrees and Circular shall take effect from August 1st, 2024.

Issuance of a decree detailing the implementation of some articles of the Land Law 2024

On July 30th, 2024, the Government issued Decree 102/2024/ND-CP detailing the implementation of some articles of the Land Law 2024. The Decree includes new contents as follows:

- Guidelines on land classification;
- Conditions and procedures for land recovery due to violations of land law;
- Conditions for participating in auctions for land use rights when the Government allocates land with land use fees...

This Decree shall take effect from August 1st, 2024.

Decree detailing the implementation of some articles of the Real Estate Business Law 2023

On July 24th, 2024, the Government issued Decree 96/2024/ND-CP detailing the implementation of some articles of the Law on Real Estate Business 2023. Notable new contents include:

- Conditions and operational contents of real estate trading floor from August 1st, 2024;
- Guidelines for small-scale real estate business activities; non-commercial purposes; transactions below the prescribed value;
- Procedures for notifying off-plan housing that is eligible for sale or lease...

This Decree shall take effect from August 1st, 2024.

III – UPDATES ON LABOR - INSURANCE

Increase in social insurance, and health insurance premiums according to base salary from July 1st, 2024

On July 4th, 2024, Vietnam Social Insurance issued Document No. 2156/BHXH-TST on collecting social insurance, health insurance, unemployment insurance, occupational accident, and disease insurance according to the base salary of VND 2,340,000/month.

Accordingly, from July 1st, 2024, certain groups will pay insurance premiums based on the new base salary (VND 2,340,000/month).

This Document shall take effect from the date of signing.

Issuance of the Social Insurance Law 2024

On June 29th, 2024, the National Assembly XV passed the Social Insurance Law No. 41/2024/QH15. The law includes the following new key points:

- Adding maternity benefits to the voluntary social insurance policy;
- Paying social insurance for at least 15 years to receive a pension;
- Expanding the subjects eligible to participate in social insurance;
- Encouraging workers to preserve their contribution duration to receive a pension instead of withdrawing a one-time social insurance payout;

- Ensuring the right to participate and benefit from social insurance for Vietnamese workers abroad and foreign workers in Vietnam...

This Law shall take effect from July 1st, 2025.

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